

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FORMER HENDERSON COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period December 1, 2005
Through November 30, 2006**



**CRIT LUALLEN
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AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Steve Hargis
Former Henderson County Property Valuation Administrator
The Honorable Howard Moran
Henderson County Property Valuation Administrator
Henderson, Kentucky 42420

We have performed the procedures enumerated below, which were agreed to by the former Henderson County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period December 1, 2005 through November 30, 2006. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Henderson County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (October 31, 2006), for all bank accounts, to determine if amounts are accurate.

Finding -

Receipts and disbursements ledger are maintained for the Local account, however no receipts and disbursements ledger are maintained for the fee account. Bank reconciliations are completed each month on both accounts. The year-end bank reconciliations are accurate.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

Recorded city receipts agree with confirmations and the list of city receipts appears complete.



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3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

The fiscal court budgeted the appropriate statutory contribution as required by the Department of Revenue and made payments to the PVA. The PVA deposited the statutory contribution payments to the local official bank account.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Selected disbursements had proper supporting documentation and all were for official business with the exception of a disbursement to Wal-Mart for Halloween candy in the amount of \$71.74. Credit card expenditures were all for official business.

Former PVA Steve Hargis' Response - Disagree – Disbursement to Walmart meets official business – Downtown event held during working hours & hundreds of children & parents visit the PVA office then.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Auditor concludes that the PVA did not have any capital outlay disbursements for the period of December 1, 2005 thru November 30, 2006.

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6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

Services received for professional service contracts were appropriate, for official business, and properly authorized. The PVA did not enter into any vehicle lease agreements or personal service contracts.

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

The final budget was not overspent in any account series.

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

Collateral was not necessary for the PVA's funds.

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

Timesheets were completed, maintained, and support hours worked.

10. Procedure-

Determine whether cash balances were properly transferred from former PVA to new PVA.

Finding -

Cash balances were properly transferred from former PVA to new PVA.

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(Continued)

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Engagement fieldwork completed -
November 30, 2006

